

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN DON HARGROVE**, on March 9, 2001 at 10:00 A.M., in Room 335 Capitol.

ROLL CALL

Members Present:

Sen. Don Hargrove, Chairman (R)
Sen. John C. Bohlinger, Vice Chairman (R)
Sen. Edward Butcher (R)
Sen. Pete Ekegren (R)
Sen. Jim Elliott (D)
Sen. Eve Franklin (D)
Sen. Ken Toole (D)

Members Excused: Sen. Fred Thomas (R)

Members Absent: None.

Staff Present: Lynette Brown, Committee Secretary
David Niss, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 491, HB 523, 3/1/2001
Executive Action: HB 293

{Tape : 1; Side : A; Approx. Time Counter : 0}

HEARING ON HB 491

Sponsor: REP. JOE TROPILA, HD 47, Great Falls

Proponents: Bill Steel, Montana Retired Police
Frank Cole, Montana Retired Police Association
Jack Osweiler, Montana Retired Police

R. Klemencic, Montana Retired Police
Troy McGee, Chief of Police
REP. JIM WHITAKER, HD 41
Floyd Campbell, Missoula Police Department Retiree
James Cole, Missoula Police Department
Jeff Ward, representing Sidney Ward

Opponents: **Kelly Jenkins, General Counsel to the Montana Public Employees' Retirement Board**

Opening Statement by Sponsor:

REP. JOE TROPILA, HD 47, Great Falls, told the committee this was a Guaranteed Annual Benefit Adjustment bill for retired police officers. He said these people had not received any cost of living increases for over 20 years.

Proponents' Testimony:

Bill Steel, Montana Retired Police, stated that if you were not on the GABA, that was where you would stay; if you were not on it, then you could not get on it. **Bill Steel** said they wanted to switch from 1 ½% to 3% which would be the same the a retired police officer. He added that he went for 19 years on the retirement plan with no increases. **Mr. Steel** urged passage of this bill and explained that they needed this.

Frank Cole, Montana Retired Police Association, stated that costs had increased so much, that they could not keep up with inflation costs. He stressed they needed the increase now and could not wait any longer. **Mr. Cole** expressed frustration over being told to wait and wait.

Jack Osweiler, Montana Retired Police, supported the bill.

R. Klemencic, Montana Retired Police, expressed support.

Troy McGee, Chief of Police, expressed support.

REP. JIM WHITAKER, HD 41, supported this legislation.

Floyd Campbell, Missoula Police Department Retiree, strongly supported this bill.

James Cole, Missoula Police Department, urged support for this bill.

Jeff Ward, representing his father, Sidney Ward, told the committee that his parents needed the extra money addressed in this bill.

Opponents' Testimony:

Kelly Jenkins, General Counsel to the Montana PER Board, EXHIBIT (sts54a01) explained the hand-out entitled, "A Benefit increase without Regard to Need". He told the committee this bill would not correct anything. He urged the committee to reject this bill.

Questions from Committee Members and Responses:

SEN. ED BUTCHER asked **Kelly Jenkins** if the state general fund was contributing 30% of the funds required for this bill. **Mr. Jenkins** responded that was approximately the amount.

SEN. BUTCHER asked **Kelly Jenkins** if the employer was putting 14 ½ % into this. **Mr. Jenkins** said that was correct and that this was a fairly expensive system as were all safety service systems.

SEN. BUTCHER asked **Kelly Jenkins** if the other law enforcement systems such as the sheriffs system had a \$40 million surplus, while this system had a \$50 million deficit. **Kelly Jenkins** replied that the sheriffs system was an unusual system because it began with no unfunded liability.

SEN. BUTCHER asked **Kelly Jenkins** if the rest of the safety services showed a surplus. **Kelly Jenkins** responded that it may have happened with game wardens, but did not believe that was the case for the other safety services systems. He added that part of the problem was the reluctance of older members to assume the same contribution responsibilities as new employees.

SEN. BUTCHER asked **Kelly Jenkins** if this group of employees usually retired in their 40's. **Mr. Jenkins** replied that the average retirement age of this group of people was 47 years of age.

SEN. BUTCHER asked **Kelly Jenkins** if the high cost to contributions was because of the small number of participants. **Mr. Jenkins** answered that, no, it was more likely because of the ratio of active workers to retired participants.

SEN. JIM ELLIOTT asked **Kelly Jenkins** if merging the systems would bring down the cost. **Kelly Jenkins** answered that it possibly may.

SEN. ELLIOTT asked **Kelly Jenkins** to respond to the following: (1) the mechanism of this, (2) the cost, and (3) how would this affect the retired police officers. **Mr. Jenkins** requested time to be able to look into this issue further and agreed to present information to the committee when they take executive action.

SEN. PETE EKEGREN asked **Bill Steel** if he went to work when he retired at age 50 or if he fully retired. **Mr. Steel** replied that he went to work.

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SEN. EKEGREN asked **Jeff Ward** how old his dad was when he retired. **Jeff Ward** answered that his dad retired at age 49. His dad then began to drive trucks. **Mr. Ward** added that it was not fair that his dad received the same retirement as a patrolman.

SEN. DON HARGROVE asked **Frank Cole** if he thought it was fair for the patrolman to receive 4.9% increase as opposed to opting into the 3% per year which was the option in GABA. **Frank Cole** said he understood that was cut in $\frac{1}{2}$. He said he had never received a 4% increase.

SEN. HARGROVE asked **Frank Cole** if he wanted to comment on **Kelly Jenkins'** testimony. **Mr. Cole** told the committee this had been so vague in the past and that there had been no consideration for rank. **Mr. Cole** said they could not receive enough money from social security to cover expenses either. He added that there was a problem because no one else was coming into this system.

SEN. EVE FRANKLIN asked **Kelly Jenkins** if the people in this retirement plan were eligible for social security. **Mr. Jenkins** responded that they would not receive social security as a result of their police service, nor would they have had any contributions to the social security system taken out.

Closing by Sponsor:

REP. JOE TROPILA, HD 47, told the committee that these members were old people who retired at 25 years of service with most of them being in their 70's and 80's now. **REP. TROPILA** explained that this bill was drafted before the session began. He added that he had requested to meet with **Mike O'Connor** from the

department and that no one from the department would visit with them about this bill. He expressed frustration over that situation. **REP. TROPILA** stated that these individuals were deserving of this increase. **REP. TROPILA** closed HB 491.

HEARING ON HB 523

Sponsor: **REP. JIM WHITACKER, HD 41, Great Falls**

Proponents: **Jim Dusenberry, President Montana Volunteer Fire District Association**
John Semple, Montana Fire Alliance
Kelly Jenkins, General Counsel PER Board

Opponents: **None**

Opening Statement by Sponsor:

REP. JIM WHITACKER, HD 41, Great Falls, told the committee this bill would increase the benefit payable to volunteer firefighters from \$50 per month to \$150 per month. He added that PERS agreed the system was funded for this.

Proponents' Testimony:

Jim Dusenberry, President Montana Volunteer Fire District Association, stated this bill referred to neighbors helping neighbors. He added that this would be an incentive to keep volunteer fire fighters for longer periods of time and that it was actuarially sound.

John Semple, Montana Fire Alliance, supported this bill.

Kelly Jenkins, General Counsel PER Board, stated this bill was actuarially sound; there was money in the system for this bill.

Opponents' Testimony: **None**

Questions from Committee Members and Responses:

SEN. HARGROVE asked **Jim Dusenberry** if volunteer firefighters received salaries on the fires the summer of 2000. **Jim Dusenberry** responded that the volunteer firefighters worked for four days before the government took over. He said at that time, FEMA came in with funding for the project. **Mr. Dusenberry** told the committee that unless the situation was declared a "disaster

situation", they could not receive any funding. He explained that the volunteer firefighters had been reimbursed to the level possible.

Closing by Sponsor:

REP. JIM WHITAKER, HD 41, closed HB 523.

EXECUTIVE ACTION ON HB 293

Motion/Vote: SEN. BUTCHER moved that **AMENDMENT HB029303.ADN EXHIBIT (sts54a02)** BE ADOPTED. Motion carried unanimously.

EXHIBIT (sts54a03) David Niss distributed information on recounts and tie votes from the Montana Code Annotated books.

SEN. BUTCHER questioned if the flip of the coin should be used. He added that perhaps the system should remain as it was.

SEN. FRANKLIN reiterated REP. FRANK SMITH's recommendation that local politics should be removed from this. She added that there was a potential for political situations with the local politics. She questioned if the governor should choose the agenda.

SEN. HARGROVE stated that a person needed to look at the worst possible circumstance in each of the repeals and because of that, perhaps the governor should not appoint the agenda.

SEN. ELLIOTT commented that he agreed with SEN. BUTCHER's observation and also agreed with the coin toss.

Motion/Vote: SEN. ELLIOTT moved to **REPEAL SECTION 13-16-502 OF THE MONTANA CODE ANNOTATED**. Motion carried 5-3.

Motion/Vote: SEN. ELLIOTT moved to **REPEAL SECTION 13-16-503 OF THE MONTANA CODE ANNOTATED**. Motion failed 4-4.

Discussion:

SEN. BOHLINGER told the committee that the present law becomes unworkable. He said it would be more expedient to flip a coin to prevent such a delay in time.

SEN. EKEGREN stated he disagreed with **SEN. BOHLINGER** on that issue. He said we should stay with the current law because it reflected how the people of Montana felt.

SEN. FRANKLIN said there was a long history of split governments with elected officers and the legislature.

Motion/Vote: **SEN. HARGROVE** moved to **REPEAL SECTION 13-16-504 OF THE MONTANA CODE ANNOTATED. Motion carried 5-3.**

Motion/Vote: **SEN. FRANKLIN** moved to **REPEAL SECTION 13-16-505 AND SECTION 13-16-506 OF THE MONTANA CODE ANNOTATED. Motion failed 2-6.**

Motion/Vote: **SEN. FRANKLIN** moved to **REPEAL SECTION 13-16-507 OF THE MONTANA CODE ANNOTATED. Motion failed 1-6.**

ADJOURNMENT

Adjournment: 12:00 A.M.

SEN. DON HARGROVE, Chairman

LYNETTE BROWN, Secretary

DH/LB

EXHIBIT (sts54aad)